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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations: financing of the United Nations peacekeeping operations

Reform of the procedure for determining reimbursement to Member States for contingent-owned equipment

Note by the Secretary-General

Summary

In section II of its resolution 49/233 of 23 December 1994, the General Assembly authorized the Secretary-General to proceed with the project plan and the time-line for reform of methodology and procedures for determining reimbursement to troop-contributing countries for contingent-owned equipment, and decided that the last of the five phases required to undertake the task would involve a periodic review and update of the phase II and phase III standards to be completed on a triennial basis.

In August 1999, the Secretariat issued an invitation to Member States to participate in the Phase V Working Group and requested them to submit data on costing major equipment and self-sustainment by 30 September 1999. In the absence of sufficient information from Member States, the Secretariat made a further request for data. The Phase V Working Group met during the week of 24 to 28 January 2000 and divided into three sub-working groups to review methodology, rates and standards for major equipment, self-sustainment and medical services. As a result of lack of data from troop-contributing countries, the Phase V Working Group decided to recommend that the General Assembly convene a post-Phase V Working Group to establish new rates and validate a methodology for future reviews.

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I. Introduction

1. As requested by the General Assembly in its decision 53/480 of 8 June 1999, the Secretary-General convened the Phase V Working Group from 24 to 28 January 2000. Pursuant to General Assembly resolution 49/233 of 23 December 1994, the mandate of the Phase V Working Group was to conduct a periodic review of the phase II and phase III standards. In addition, in order to undertake those tasks, the Secretariat proposed that a methodology be developed to ensure consistent application in future reviews. The report of the Phase V Working Group is contained in document A/C.5/54/49.

2. In accordance with its mandate, the Phase V Working Group:

(a) Proposed a methodology for the periodic revision of the rates in major equipment, self-sustainment and special cases;

(b) Recommended improvements with regard to some performance standards and reimbursement procedures;

(c) Adopted, with the exception of amendments in paragraph 86 (a) to (l) of the report, the Secretariat's proposal on medical support services.

II. Summary of proposals and recommendations

3. Owing to time constraints and the unavailability of sufficient data from troop-contributing countries, the Phase V Working Group was unable to develop new rates for major equipment and self-sustainment categories. It recommended that the General Assembly convene a post-Phase V Working Group to validate a methodology by which revised rates would be recommended to the General Assembly for approval. The duration of the post-Phase V Working Group would be a minimum of 10 working days in January/February 2001, and it would be open to all Member States.

A. Major equipment and self-sustainment

4. The methodology recommended by the Phase V Working Group in its report may be subjected to revision and further refinement by the post-Phase V Working Group and in future such exercises in response to the changing needs of the Secretariat and of troop-contributing countries. Nevertheless, the methodology for revising the rates should be clearly documented and approved by the General Assembly.

5. The Phase V Working Group tasked the post-Phase V Working Group, with the assistance of the Secretariat, with:

(a) Determining an appropriate average index to be applied to the existing major equipment and an average of self-sustainment rates as outlined in paragraph 94 of the Working Group's report;

(b) Assessing the information to be provided by the Member States as defined in paragraph 95 of the report.

6. In paragraph 92 of its report, the Phase V Working Group recommends that the Secretariat collect all relevant data and that the Secretary-General convene a Working Group to complete the mandate of the Phase V Working Group in January-February 2001. The Secretariat will forward to all Member States annexes I, II and VI to the Working Group's report within the time-frame indicated in annex I to the present report, in order to collect all relevant national data on special cases, major equipment and self-sustainment categories. The Secretariat will consolidate cost data provided by Member States for the post-Phase V Working Group on:

(a) Major equipment and special cases. In accordance with the provisions of paragraphs 23 to 30 of the report, the Secretariat will consolidate the information provided by Member States on the indices of the generic fair market value of items in the format of annex IV, and calculate the averages in accordance with the provisions of paragraphs 24 to 26 of the report;

(b) Self-sustainment categories. In accordance with the methodology outlined in paragraph 52 (b) of the report, the Secretariat will consolidate the data to be provided by Member States in the format contained in annex VI. The Secretariat will remove from consideration both the highest and the lowest data reported in each category, and calculate the averages for the remaining rates for submission to Member States.

7. The Secretariat notes that the new system offers troop-contributing countries improved reliability and

transparency in reimbursement for their participation in United Nations peacekeeping operations. Concurrently, the Organization will realize efficiency gains through reduced levels of logistical and administrative support provided to contingents, while taking full advantage of the capacities of the diverse range of military capabilities of the troop-contributing countries. Disparities in reimbursement for contingent-owned equipment, self-sustainment and medical support services must be avoided; therefore, consistent and equitable standards for troop-contributing countries are, within this context, of paramount importance. The Secretariat emphasizes that, in implementing these standards, equipment and support capacities brought into a peacekeeping operation in excess of the requirement determined by the United Nations will be considered the responsibility of the troop-contributing country, and as such will not be reimbursable.

B. Inland transportation

8. In paragraph 67 of its report, the Phase V Working Group states that there is a need to have a method by which troop-contributing countries facing difficulties with inland transportation could be adequately reimbursed, taking into account climatic and environmental changes, border crossings and changes of transportation modes. The Secretariat is of the opinion that there is no justification for the inclusion of climatic and environmental conditions under reimbursement for inland transportation.

C. Flak jackets

9. In paragraph 78 (a) of its report, the Phase V Working Group recommends that the soldier's kit be amended to include a flak jacket (fragmentation vest) and that any specialist flak jacket be added as "Personal protection" under self-sustainment. Furthermore, it recommends that the standard rate of $65 per month for soldier's kit be reviewed by the Secretariat accordingly. The Secretariat will review the rate of $65 per month. However, the Secretariat is of the opinion that should there be a requirement for the specialist flak jacket, troop-contributing countries providing this item should be reimbursed. For troop-contributing countries that do not have this type of equipment, the Secretariat will have to procure flak jackets to ensure the protection of personnel.

D. Medical support services

10. In paragraph 86 of its report, the Phase V Working Group recommends that the General Assembly approve the medical support proposal by the Secretariat contained in annex III to the report of the Phase IV Working Group (A/C.5/52/39) and the changes contained in annex VIII.C to the Phase V Working Group report. Furthermore, the Group recommends that several modifications be made to the Secretariat's proposal. In this connection, the Secretariat notes that the $1,500 threshold that is used to separate expendable and non-expendable items is too low to be applied as a threshold for major medical equipment.

11. Among the changes recommended by the Phase V Working Group in paragraph 86 (e) is to replace the term "force-wide" with that of "force level" to indicate the force for which medical support services are provided at Levels I, II and III. By that definition, Level I units are available to be tasked to provide medical services to elements of the Force other than themselves, e.g., civilian police, military observers, civilian staff and other military elements of the Force. The Secretariat is of the opinion, however, that the troop-contributing countries should be reimbursed for major medical equipment only if medical services are provided to all personnel within a given area of operation. The Secretariat suggests that this matter be further reviewed by Member States.

12. The current United Nations policy concerning the reimbursement of pre-deployment and post-mission medical costs is as follows:

(a) Pre-deployment immunization is the responsibility of troop-contributing countries; the United Nations will reimburse troop-contributing countries for vaccines for diseases endemic to a certain mission area, e.g., Asian encephalitis;

(b) Post-mission medical costs are reimbursed only if the disease or illness is attributable to service in a peacekeeping mission.

In paragraph 87 (a) (iii) of its report, the Phase V Working Group supports the Secretariat's current practice of reimbursement of post-mission medical costs. The Working Group urges the Secretariat to convene a meeting of experts from both Member States and the Secretariat to review items related to pre-deployment immunization and post-repatriation

medical examination costs for peacekeeping personnel. The Working Group also makes reference to the report of the Special Committee on Peacekeeping Operations (A/54/87, para. 110), and indicates its support for the recommendation that the Secretariat review the above-mentioned issues. The Secretariat is of the opinion that the matter should be addressed by the expert group referred to in paragraph 15 below.

13. In paragraph 87 (c) of its report, the Phase V Working Group proposes that the cost of vehicles and personnel used for medical evacuation by road be reimbursed. It should be noted that peacekeeping missions normally have medical facilities with ambulances capable of medical evacuation by road, and these ambulances are reimbursable under major equipment, where applicable. Therefore, as the Working Group's proposal is already being applied by the Secretariat, no further action in this regard appears necessary.

14. With regard to evacuation by air, the Phase V Working Group in paragraph 87 (c) recommends the reimbursement of "both the evacuation aircraft and specialist in-flight evacuation personnel under existing letter of assist arrangements". The Secretariat has a voluntary contribution from a Government for air ambulance, which can be made available within 24 hours of notification. For medical evacuations to recognized regional medical centres approved by the mission's chief medical officer, the Secretariat utilizes existing commercial air charter flights or aircraft and helicopters available to the mission. As these costs are already reimbursed under existing arrangements, no action needs to be taken in respect of this recommendation. Nevertheless, should a Member State choose to carry out a medical evacuation using its own aircraft, the Secretariat recommends that the reimbursement should be at a rate no higher than the cost of medical evacuation organized by the United Nations, provided that the medical evacuation and destination have been approved by the United Nations.

15. The Phase V Working Group recommends in paragraph 87 (a) (iii) of its report that an expert group be convened to review and specify the rates for medical support services: self-sustainment, major equipment, wet lease factor and factor for no-fault incidents. No time-frame for the meeting has been recommended by the Working Group. However, since the Working Group had recommended approval of the Secretariat's proposal on medical support services, the Secretariat is of the view that the new rates and standards should be in force for a period of two to three years prior to the next review, in order to incorporate the lessons learned from the experience.

III. Conclusion

16. The Secretariat welcomes the achievements of the Phase V Working Group. The enhanced procedures developed by the Working Group with regard to major equipment, self-sustainment and medical support services and the progress made on developing a methodology for the systematic review of standards and rates will greatly facilitate the work of the Secretariat in the area of reimbursement to troop-contributing countries for their contingent-owned equipment in peacekeeping operations. The Secretariat will implement the recommendations of the Working Group as soon as they are approved by the General Assembly, and is committed to making every effort to assist Member States in completing the mandate of the Phase V Working Group.

IV. Action to be taken by the General Assembly

17. **It is recommended that the General Assembly approve the following recommendations of the Phase V Working Group contained in its report:**

(a) Adoption of a triennial review of rates using indices for generic categories to be applied to all major equipment and self-sustainment categories listed in the contingent-owned equipment manual;

(b) Approval of the subcategories and changes with respect to major equipment in paragraph 36 of the report;

(c) Amendment of the performance standards for the following self-sustainment categories: catering, furniture and welfare;

(d) Inclusion in the soldier's kit of a basic flak jacket (fragmentation vest);

(e) Approval of the medical support services proposal in annex VIII;

(f) Convening of an expert group to review and specify the rates for medical support services;

(g) Convening of a meeting of appropriate experts from both Member States and the Secretariat to review pre-deployment immunization and post-repatriation medical examination costs for peacekeeping personnel;

(h) Convening of a post-Phase V Working Group to complete the mandate of the Phase V Working Group for 10 days in January 2001, open to all Member States.

Annex I

Recommendations of the Phase V Working Group and the Secretariat

Serial	*Issue*	*Phase V Working Group's recommendation for approval by the General Assembly*	*Secretariat's view*	*Issues requiring further review by post-Phase V Working Group*	*Secretariat's view*
1	Methodology for periodic review of major equipment	Updating of existing contingent-owned equipment rates by means of an indexing methodology: troop-contributing countries would determine percentage change in generic fair market value from 1995 to 1999 and submit an index for each category of major equipment to the Secretariat for averaging with indices from other troop-contributing countries (paras. 22-25).	Recommends approval.	Determine rates based on data from troop-contributing countries consolidated by the Secretariat (para. 94).	In agreement.
2	Rate review frequency for major equipment	Adoption of a triennial rate review as an agenda item, and a comprehensive review of rates at the request of the General Assembly or every fifth cycle, i.e., 15 years (para. 26).	Recommends approval.		
3	Standardization of special cases — major equipment	Incorporation of special equipment as part of subcategories of major equipment: (a) Remove "radar" and replace with "all radar" and as "special case"; (b) Divide main battle and recovery tanks into "heavy" and "medium", and other tanks as "special case"; (c) Water tanks/bladders, fuel tanks/ bladders and water purification station to be added (para. 36).	Recommends approval.	Establish rates for the newly standardized major equipment.	
4	Painting and repainting of vehicles			Different categories of major equipment requiring painting to be grouped into larger groups (reflecting repainting as more expensive); troop-contributing countries will provide Secretariat with necessary data per group to calculate average price (paras. 44 and 45).	The Secretariat believes only one standard rate for repainting and repainting of equipment should be established.

Serial	*Issue*	*Phase V Working Group's recommendation for approval by the General Assembly*	*Secretariat's view*	*Issues requiring further review by post-Phase V Working Group*	*Secretariat's view*
5	Methodology for periodic review of self-sustainment rates	Adoption of an average troop-contributing country methodology based on averaging nationally adjusted historically based self-sustainment rates, consolidated by Secretariat, excluding the lowest and highest rates supplied by the troop-contributing country (paras. 49 (b) and 52 (b)).	Recommends approval.	Determine an average figure based on data from troop-contributing countries consolidated by the Secretariat (para. 94).	In agreement.
6	Self-sustainment standards review	Amendment of the catering standards to include changes with regard to kitchen facilities and equipment, including deep freeze, cold and dry food storage, dishwashing capabilities and hygienic equipment. Furniture standards would include "other appropriate furniture to provide an adequate living space". Welfare standards would state the following "Appropriate levels of equipment and amenities for the morale and well-being of troop-contributing country's personnel" (para. 60).	Recommends approval of catering standards; however, if furniture standards are lowered, the reimbursement rate should be reduced accordingly. The welfare standard is too vague to allow for verification; recommends the inclusion of televisions, video cassette recorders, sports equipment and games.		
7	Inland transportation			Method for claiming reimbursement for inland transportation, from agreed originating location to point of embarkation, to include: (a) Climatic changes; (b) Environmental changes; (c) Border crossings; (d) Changes of transportation mode (para. 67).	In agreement, with the exception of (a) and (b) as no basis for reimbursement was advanced by the Working Group on these factors.

Serial	*Issue*	*Phase V Working Group's recommendation for approval by the General Assembly*	*Secretariat's view*	*Issues requiring further review by post-Phase V Working Group*	*Secretariat's view*
8	Reimbursement for flak jacket (fragmentation vest)	Inclusion of flak jacket (fragmentation vest) in soldier's kit; specialist flak jacket ("personal protection") would, however, be included under self-sustainment as unique equipment; retroactive reimbursement for increased flak jacket commitment would be requested (para. 78).	Flak jacket (fragmentation vest) is included in soldier's kit. Secretariat believes that the troop-contributing country should be reimbursed for specialist flak jacket where required by the United Nations or if the troop-contributing country is unable to provide, the United Nations will procure the item. The specialist flak jacket was not required by UNPREDEP.	Secretariat review of US$ 65 rate per month for personal clothing, gear and equipment allowance under troop cost.	The rate of $65 per person per month for personal clothing, gear and equipment issued by Governments to their troops became applicable in accordance with a decision taken by the General Assembly at its 2440th meeting, on 15 December 1975 (see also A/54/763, para. 6).
9	Medical support services	Approval of Secretariat phase IV proposal with following additions/modifications: (a) Annex VIII.A-C; (b) Level I, II and III supported troop strength would be changed to battalion level, brigade level and as operationally defined, respectively; and the strength of medical units personnel would be counted as an approximation; (c) The term "force-wide" would be replaced by the term "force level" to allow for reimbursement for major equipment costs for services provided to others; (d) Laboratory included in Level I on request of the United Nations would be reimbursed; (e) All references to reimbursement for dental and laboratory services only for one level, laboratory included in annex VI, and all references to "blood and blood products" would be deleted	Recommends approval with the exception of (c). The term "force level" requires further review. Major equipment should be reimbursed only if medical services are provided to all personnel within a given area of operations.	Convene an expert group to review: Rates based on modular approach; Major/minor equipment by means of a threshold value of US$ 1,500; Reducing the useful life of medical equipment from eight to five years; Pre-deployment immunization and post-repatriation medical examination costs; Reimbursement for vehicles (under major equipment) and personnel (under standard troop strength) for evacuation by road; Reimbursement for aircraft and personnel for air evacuation under letters of	In agreement with review of rates and modular approach and with review of pre-deployment immunization and post-repatriation medical examination costs. The reduction of the lifespan of medical equipment from eight to five years is reasonable. However, the Secretariat believes that the threshold of $1,500 is too low for major equipment and objects to the grouping of several minor equipment in order to reach the threshold level for major equipment. This would set a precedent for combining several

Serial	*Issue*	*Phase V Working Group's recommendation for approval by the General Assembly*	*Secretariat's view*	*Issues requiring further review by post-Phase V Working Group*	*Secretariat's view*
		and the latter replaced with text that the United Nations will provide blood and blood products; (f) Estimated useful life of equipment would be reduced from eight to five years; (g) Generic fair market value for Level I would be changed from $163,600 to $140,800; (h) The new system would only reimburse a country for the level of support provided, not for multiple levels if other levels of support are provided by other countries (para. 86).		assist (para. 87 (c)).	items of minor equipment to be reimbursed as major equipment in other categories, and affects the simplicity and transparency of the new system. Reimbursement for medical evacuation (by road or air) is already covered by the United Nations.
10		The General Assembly would request the Secretariat to collect all relevant data and the Secretary-General to convene a post-Phase V Working Group in January/February 2000, open to all Member States, to complete the mandate of the Phase V Working Group (para. 92).	Recommends approval.		

Annex II

Estimated impact of the application of selected Phase V Working Group recommendations

Serial	*Recommendations*	*Financial implications*	*Comments by the Secretariat*
1	Inland transportation — reimbursement for climatic and environmental changes (para. 67)	Undetermined.	No basis for reimbursement advanced by the Phase V Working Group.
2	Reimbursement for specialist flak jacket (para. 78 (b))	One claim in the amount of $24,090 ($33 per month per flak Jacket for 146 troops for 5 months).	Not an operational requirement for UNPREDEP. Where required by the United Nations, if not available with the troop-contributing country, the United Nations will have to purchase.
3	"Force-wide" replaced by "force level" in annex VIII, defined as providing medical support to elements of the Force other than troop-contributing country's own units and entitled to reimbursement for major equipment (para. 87 (e))	Reimbursement for major equipment (5-year life) for a Level II hospital would be $13,295 per month.	Reimbursement for major equipment should only be made if services are provided to all personnel within a given area of operation.
4	Definition of major/minor medical equipment by means of a US$ 1,500 threshold (para. 87 (a) (ii))	Undetermined.	The Secretariat believes the $1,500 used to classify expendable and non-expandable equipment is too low a threshold for major equipment. Minor equipment is currently reimbursed under self-sustainment; grouping of several items of minor equipment to reach the $1,500 threshold to be reimbursed as major equipment sets precedent for same procedure to be applied to other non-medical categories. All equipment (major and minor) have been included in annex VIII for levels I, II, and III medical facilities.
5	Medical evacuation by road and by air (para. 87 (c))	Ambulance (military pattern), ambulance (truck) and ambulance (armoured rescue) are $1,050, $817, $1,549 per month respectively. $3,000 per hour for air charter services and cost of accompanying doctor and nurse at $2,000 per day; the typical cost for a 24-hour air ambulance amounts to $76,000.	Ambulances are currently reimbursed under major equipment and personnel under troop costs. The Secretariat has a voluntary contribution for air ambulance service amounting to $250,000 per annum. For medical evacuations to recognized regional medical centres, the Secretariat uses existing commercial aircrafts and helicopters in theatre. If a Member State uses its own aircraft for medical evacuation, reimbursement is limited to that cost that would have been incurred by the Secretariat, provided medical evacuation and destination had been approved by the United Nations.

Annex III

Information on the status of memoranda of understanding

Mission	*Country*	*Under negotiation*	*Date memorandum of understanding was sent for signature*	*Date signed memorandum of understanding was received*	*Time elapsed*[a]
MINURCA	A		17 Aug. 98	26 Nov. 98	3 months
	B[b]		08 Jun. 98	08 Jul. 99	1 year
	C		11 Nov. 98	13 Nov. 98	2 days
	D		30 Nov .98	02 Dec. 98	2 days
	E (I)		04 Jan. 99	30 Jan. 99	26 days
	E (II)		11 Nov. 99	16 Nov. 99	5 days
	E (III)		11 Nov. 99	16 Nov. 99	5 days
	F (I)		16 Dec. 98	16 Jan. 99	1 month
	F (II)		16 Dec. 98	16 Jan. 99	1 month
	G		16 Nov. 98	21 Dec. 98	1 month
	H		01 Dec. 98	02 Dec. 98	1 day
	I		11 Nov. 98	01 Dec. 98	20 days
	J		17 Aug. 98	16 Dec. 98	4 months
MINURSO	A		04 Feb. 99	08 Aug. 99	6 months
	B		27 Oct. 98	15 Feb. 99	3 months
MIPONUH	A		11 Dec. 97	15 Jan. 98	1 month
	B		15 Jan. 98	15 Jan. 98	Same day
MONUA	A		17 Sep. 99	21 Oct. 99	1 month
	B	X			
	C	X			
	D		05 Nov. 98	16 Dec. 98	1 month
	E	X			
	F	X			
UNAMSIL	A		30 Dec. 99	10 Jan. 00	11 days
	B	X			
	C	X			
	D		12 Jan. 00	22 Feb. 00	1 month
	E (I)		30 Dec. 99	10 Jan. 00	11 days
	E (II)		17 Feb. 00	17 Feb. 00	Same day
	E (III)	X			
UNDOF	A[c]		06 Feb. 97	07 Feb. 97	1 day
UNFICYP	A	X			
	B[d]		09 Nov. 99	23 Dec. 99	1 month
	C	X			
UNIFIL	A	X			
	B		10 Jan. 00	15 Feb. 00	1 month

Mission	*Country*	*Under negotiation*	*Date memorandum of understanding was sent for signature*	*Date signed memorandum of understanding was received*	*Time elapsed* [a]
UNOMSIL	A		27 Dec. 99	31 Jan. 00	1 month
UNPREDEP	A		11 Nov. 98	20 Nov. 98	9 days
	B		18 Jun. 98	01 Jul. 98	13 days
	C		24 Nov. 98	19 Feb. 99	3 months
	D		28 Jan. 98	19 Jun. 98	4 months
	E		11 Jan. 99	22 Feb. 99	1 month
UNTAES	A			12 Sep. 97	
	B			09 Feb. 98	
	C			26 Feb. 98	
	D		26 May 99	09 Aug. 99	2 months
	E			31 Mar. 97	
	F			Retroactive	
	G		19 Nov. 97	26 Oct. 98	1 year
	H			20 Oct. 98	
	I			[c]	
	J (I)			05 Feb. 97	
	J (II)			02 Apr. 98	

Note: For UNMIK, memoranda of understanding are being finalized with five troop-contributing countries and for UNTAET, discussions have been held with 23 troop-contributing countries.

[a] In many instances, the formal submission of a memorandum of understanding is delayed pending additional information to be supplied by a troop-contributing country.

[b] The memorandum of understanding was delayed owing to changes made to the terminology at the request of the country.

[c] Agreement.

[d] Personnel contribution only.

[e] No memorandum of understanding.